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DEPARTMENT FOR AF/EPS (JANET POTASH); PASS TO USTR FOR
CONNIE HAMILTON

E.O. 12958: N/A

TAGS: [ECON](#) [ETRD](#) [CD](#)

SUBJECT: CHAD: AGOA ELIGIBILITY REVIEW

REF: STATE 132189

[¶1](#). In response to Reftel, Embassy N'Djamena submits the following updated AGOA country eligibility information.

[¶2](#). TPSC subcommittee on AGOA implementation country eligibility recommendations 2007 state submissions

Country: Chad

Current AGOA Status: Eligible

Country Background: Chad, a landlocked African nation, has a population of approximately 9.4 million inhabitants. In 2005, the GDP was estimated to be about \$5 billion and per capita income was an estimated \$550. President Deby has governed since taking power by coup d'etat in 1991. The May 2006 presidential election was flawed and major political opposition groups did not participate. The next presidential elections are scheduled for 2011.

The Government of Chad has committed to use oil revenues for poverty reduction and continues to be a strong partner with the United States in the war on terror. However, an uneven record in disbursement of oil revenue funds for poverty reduction projects, and continued human rights violations all indicate that Chad's record on democracy and good governance requires improvement. The World Bank and the GOC reached an agreement in July 2006 on the management of oil revenues which allowed the government to use some oil revenues for defined security purposes in addition to social spending.

Comments on Eligibility Requirements

[¶I](#). Market-based Economy

[¶A](#). Major Strengths Identified

- As a result of the high international price of oil, the GOC has seen a significant boost in tax receipts from the Chad-Cameroon oil pipeline project. The U.S.-supported consortium continues to bring new fields on-line and conduct exploration.

- Chad's Government joined the Extractive Industry Transparency Initiative (EITI) in August 2007. Much work remains for the GoC to meet all conditions, but the government has expressed commitment to EITI.

[¶B](#). Major Issues/Problems Identified

- Chad's cotton industry has experienced a continuing decline in recent years and the World Bank-supported effort to privatize the country's cotton parastatal has yet to be implemented.

- Chad runs the risk of losing access to the IMF's Poverty Reduction and Growth Facility due to weak fiscal discipline.

- Chad's current weak business environment constrains private sector-led development. Chad ranks 173 out of 178 countries on the World Bank's global ranking of the ease of conducting business.

II. Political Reforms/Rule of Law/Anti-Corruption

A. Major Strengths Identified

- In August 2007, the Government and opposition parties signed a political accord on electoral reform which, if fully implemented, would make Chad's electoral system more credible.

- In July 2006, the GOC removed two ministers for alleged misappropriation of resources, and the Ministry of Moralization has begun criminal investigations against them. Other investigations are ongoing.

B. Major Issues/Problems Identified

- Corruption remains a major impediment to economic development. According to the Transparency International Index, Chad (in a tie) is the 8th most corrupt country in the world.

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- According to the Fund for Peace and Foreign Policy Magazine's Failed States Index, Chad tops the rankings as the state most at risk of failure (5th).

- The presidential elections in May 2006 were marred by numerous irregularities and boycotted by the major opposition parties. Citizens' right to peaceably change their government remains restricted.

- There is near total impunity for human rights abuses committed by members of the security forces, which include extrajudicial killings, torture, beatings, and rapes.

- The judiciary is ineffective, under funded, overburdened, vulnerable to acts of intimidation and violence, and subject to executive interference. In practice, government officials and other influential person often enjoyed immunity from judicial sanction.

III. Poverty Reduction

A. Major Strengths Identified

- In 2006, the GoC and the World Bank reached an agreement that committed 70 percent of the country's budgetary resources to poverty reduction, and called for a reinforcement of the Oil Revenue Management oversight body and reform of Chad's public finance system.

- In June 2007, the IMF sent an assessment team to discuss with the GOC the renewal of Chad's Poverty Reduction and Growth Facility.

B. Major Issues/Problems Identified

- The Oil Revenue Management oversight body identified serious problems with contracts in poverty reduction projects in its 2005 report.

- Poverty is still widespread. According to the Human

Development Index, Chad ranks near the bottom at 171 place out of 177 countries and territories.

IV. Workers' Rights/Child Labor/Human Rights

IA. Major Strengths Identified

- Worker's and children's rights are legally protected.
- The Government is currently harmonizing its legal code with international labor conventions. Labor unions continue to play a role in promoting workers rights.
- The Government created a position in 2005 of "Minister of Human Rights" to advise the government on the protection of human rights.
- In 2007, the government acknowledged that under-age military recruitment was a serious problem and signed an agreement with UNICEF to demobilize child soldiers and integrate them into civilian life.

IB. Major Issues/Problems Identified

- While the law allows unions to conduct most of their activities without interference, employees of the Ministry of Interior were not authorized to join the general strike that occurred from May 2 to September 9, 2007.
- While the law prohibits forced or compulsory labor, there were continued reports of forced labor in the formal economy and isolated instances of local authorities demanding forced labor by children and adults in the rural sector. There were also reports that children were forced into slavery-related activities.
- Exploitative child labor remains a serious problem and the government lacked the means to ensure the enforcement of laws to protect children from undertaking harmful and forced labor.
- The government acknowledged under-age recruitment into the

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armed forces and there were reports of cases of forced recruitment into the national army. Security forces operate with impunity and are responsible for numerous extrajudicial killings.

- Trafficking in children was a problem. Children were trafficked for the purpose of forced labor, particularly as herders or domestic workers. Child prostitution was also prevalent in the southern oil-producing region of the country.
- The government periodically placed limits on freedom of speech and the press, including harassment and detention of journalists, and on freedom of assembly.
- Prison conditions continue to be harsh and life-threatening.
- Violence against women continues to be a widespread and serious problem.

IV. International Terrorism/U.S. National Security

IA. Major Strengths Identified

- Counterterrorism is a priority for the Chadian Government and Chad continues to be a strong partner with the U.S. in combating international terrorism.
- The Government has identified its weaknesses in securing its borders and the need for more training and equipment for border and airport security and the importance of undertaking an anti-corruption campaign.

- Chad has ratified or acceded to all international anti-terrorism conventions.

1B. Major Issues/Problems Identified

- The country's rugged terrain, porous borders, and the lack of equipment for the military and national police hinder the Government's ability to combat terrorist activity.

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